

810-4-1-.18 Synchronization of Taxation and Registration System - Assessment Procedures.

(1) **PURPOSE** - This regulation is issued pursuant to the authority contained in Section 40-2A-7(a)(5) and Section 40-7-64, Code of Alabama 1975, for the purpose of establishing guidelines and procedures for assessing motor vehicles purchased on or after January 1, 2000 for ad valorem tax purposes and to provide for synchronization in the collection of ad valorem taxes with motor vehicle registration fees on a current year basis.

(2) **PROCEDURES** - To ensure the equitable taxation of motor vehicles in Alabama, the Property Tax Division of the Alabama Department of Revenue shall determine the market value of vehicles using industry and other market sources having knowledge of average retail value by make, model, and type of motor vehicles. The market value shall be 89% of the determined retail value of the motor vehicle in order to account for pollution control equipment, depreciation, and the condition of the vehicle.

(a) Valuation for ad valorem tax assessment purposes shall be based on the fair and reasonable value of the motor vehicle on October 1. The October 1 valuation shall be used for calculating ad valorem taxes in the following calendar year. When a value is unavailable, the market value for new models shall be 89% of the Manufacturer's Suggested Retail Price. Compute the assessed value of the vehicle by applying the appropriate assessment rate to the market value as stipulated in Section 40-8-1, Code of Alabama 1975. Each county official responsible for assessing motor vehicles shall provide information received from registrants on new models to the Property Tax Division for dissemination to other counties.

(b) The division will make public annually the Alabama Uniform Motor Vehicle Valuation Manual and distribute the manual on C.D. to each county assessing official charged with the duty of assessing motor vehicles for use beginning January 1.

(c) Valuing Unique Vehicles. The manual will provide sufficient information for assessing most vehicles. However, some unique vehicles are not included in the manual. These vehicles include, but are not limited to home built vehicles, vehicles purchased in other countries, kit cars, and vehicles which have been assigned Vehicle Identification Numbers which do not conform to U.S. Standards. An individual assessment must also be made by the assessing official when the value in the manual is not representative of a particular vehicle due to special features or condition. The uniqueness of these vehicles necessitates a more individualized valuation. An alternate method must be used to value these vehicles. The following two methods are recommended in valuing unique vehicles. When using these methods, keep sufficient evidence of the

value of the unique vehicle on file for use by the Examiners of Public Accounts in reviewing your assessments.

1. Purchase Price and Annual Depreciation. If the purchase price is available and is representative of the market value of the vehicle, use the purchase price as a basis for computing the assessed value, then depreciate the value of the vehicle in subsequent years by 10 percent per year until the minimum value for that type vehicle is reached.

2. Comparable Vehicle. If the purchase price is not available or if it can be determined that the vehicle is comparable to a vehicle which is listed in the manual, use the value of the comparable vehicle in determining the appropriate assessed value.

3. Valuing vehicle 15 years old and older. Vehicles 15 years old and older shall be valued at the minimum value by vehicle type. The minimum values provided below will be used to calculate the appropriate assessed values on vehicles 15 years old or older. A minimum assessed value of \$20 shall be used when prorating assessed values for a portion of a year.

<u>TYPE</u>	<u>MINIMUM MARKET VALUE</u>
AUTOMOBILES - TYPE 1	\$ 500
LIGHT TRUCKS - TYPE 2	\$ 500
HEAVY TRUCKS - TYPE 3	\$ 2000
MOTORCYCLES - TYPE 6	\$ 200
CAMPERS (POP-UPS) -TYPE C	\$ 200
TRAILERS - TYPE S	
SEMI-TRAILERS	\$ 1000
UTIL - UTILITY TRAILERS	\$ 200
TRAVEL TRAILERS - TYPE T	\$ 500
RECREATIONAL VEHICLES - TYPE R	\$ 1000
BUSES – TYPE B	\$ 3,500
SCHOOL BUSES – TYPE Z	\$ 2,000

4. Valuing New Models Not Listed in Manual. Where the purchase invoice is available to the assessor, new models not listed in the manual shall be assessed at the proper percent of the purchase price as stipulated in Section 40-8-1, Code of Alabama 1975. When the purchase price is not available, the vehicle will be assessed in accordance with the value for a comparable vehicle, but shall not be valued at a level lower than the minimum value. Compute the assessed value of the vehicle by applying the appropriate assessment rate to the purchase price. Please provide information received from registrants on new models to the Property Tax Division for dissemination to other counties.

(d) A valuation placed on a motor vehicle may be protested before the County Board of Equalization. The objection must be submitted in writing to the secretary of the Board not later than ten calendar days from the date taxes were paid.

(e) If the valuation of a motor vehicle is adjusted by the Board of Equalization for an incurable condition such as excessive mileage, the county would need to retain this value and treat the vehicle as a unique vehicle, depreciating the value of the vehicle in subsequent years by 10 percent per year until the minimum value for that type vehicle is reached.

1. Motor Vehicles are revalued each year on October 1. The collection of taxes based on those values are on a staggered monthly basis beginning January 1 immediately following October 1. Individuals objecting to the valuation of their motor vehicles should first be referred to the Property Tax Division, Motor Vehicle Valuation Section for a review of the valuation. If personnel from the Property Tax Division are unable to satisfy the objections of the taxpayer, the taxpayer will be instructed to contact the Secretary of the County Board of Equalization to request a hearing. The taxpayer will be advised to pay the taxes to avoid penalties and interest and schedule a hearing with the Board when it is in session. The taxpayer should be instructed to produce appropriate evidence to support the objections to the value placed on their property.

(f) Ad valorem taxes on motor vehicles shall be assessed and collected forward on a current basis to coincide with the collection of motor vehicle license taxes and registration fees. The ad valorem tax lien follows the vehicle and must be paid before a license plate may be issued (Section 40-12-253). Unlike registration fees, ad valorem tax continues to accrue even when a vehicle is not used on the highways. In order to prevent vehicles from escaping taxation collect all accrued ad valorem tax on a vehicle prior to transferring a tag to a vehicle or otherwise registering a vehicle.

(g) In order to convert from arrears to current payment during the period January 1, 2000, through December 31, 2000, ad valorem taxes on motor

vehicles shall be collected forward on a current basis, but no tax shall be due in the year 2000 or any year after the year 2000 for the 1999 tax year.

(h) No license shall be issued to operate a motor vehicle on the public highways of this state, nor shall any transfer be made by the license issuing official until the ad valorem tax on the motor vehicle is paid in the county as evidenced either by a receipt of the tax collecting official where the owner of the motor vehicle resides, if the motor vehicle is owned by an individual, or by the receipt of the tax collecting official in the county where the motor vehicle is based if the motor vehicle is owned by a firm or trust registered in a name other than the beneficiary, corporation, or association.

1. Every person who desires to operate a motor vehicle on the public highways of Alabama shall first return the motor vehicle for ad valorem taxation to the tax assessing official of the county in which he or she resides.

2. Every firm or corporation that so desires to operate a motor vehicle shall first return the motor vehicle for ad valorem taxation to the tax assessing official of the county where the vehicle is based.

3. The base of a motor vehicle shall be the place where a vehicle is most frequently dispatched, garaged, serviced, maintained, operated, or otherwise controlled, and from which it ordinarily departs and to which it ordinarily returns.

(i) Ad valorem taxes on motor vehicles shall become due and payable on the first day of the registration renewal month of the owner, the date the motor vehicle enters the State of Alabama, the date the motor vehicle is removed from the inventory of a dealer, or the date on which the motor vehicle is otherwise determined to be taxable, whichever comes first.

1. Ad valorem tax on motor vehicles shall be collected through the last day of the month which precedes the assigned registration renewal month for the owner as provided in Section 32-6-61, Code of Alabama 1975.

2. **Owner shall be defined as stated in Section 40-12-240, Code of Alabama, 1975 as:**

(i) A person or persons holding the legal title to a motor vehicle.

(ii) The mortgagor or conditional vendee of a vehicle that is the subject of a chattel mortgage or an agreement for the conditional sale thereof or other like agreement with the right of purchase upon performance of the conditions stated in the agreement and with the immediate right of possession vested in the mortgagor or conditional vendee.

(j) Effective August 1, 2000, upon the sale, trade, total destruction, permanent removal from Alabama, theft without recovery, or other transfer of a motor vehicle constituting Class I, Class II, or Class IV property under Section 40-8-1, the owner of such motor vehicle shall be entitled to a pro rata credit for the ad valorem taxes paid for the remainder of the then current period for which such taxes shall have been paid. A standard affidavit will be issued by the Department of Revenue to every county. This affidavit shall be signed by the owner of the motor vehicle verifying the reason a credit voucher should be issued. The tax collecting official may require additional information to accompany the standard affidavit.

1. To determine the available credit, the total ad valorem tax previously paid for the then current registration period shall be determined by a ratio, the numerator shall be the number of full calendar months from the date the motor vehicle is sold, traded, totally destroyed, permanently removed from Alabama, or stolen without recovery to the last day of the month which precedes the assigned registration renewal month for the owner as provided in Section 32-6-61, and the denominator shall be the number of months for which ad valorem taxes have been paid with respect to such motor vehicle.

2. In the instance of a direct ad valorem tax credit, the ad valorem tax credit shall be applied on a pro rata basis against all ad valorem taxes payable on another motor vehicle or vehicles acquired by the owner in conjunction with the sale or trade of the motor vehicle. The tax collecting official shall keep both the original and the taxpayer's copy of the ad valorem tax credit voucher for the tax official's records.

3. If an ad valorem tax credit voucher is redeemed at a later date, the ad valorem tax credit shall be evidenced by a serially-numbered credit voucher bearing the name of the person entitled to the credit. The credit voucher shall be a two-ply form consisting of an original and a copy. The tax collecting official shall keep the credit voucher copy and give the original to the taxpayer. The credit voucher shall entitle the owner to a credit on a pro rata basis against all ad valorem tax payable on another motor vehicle or vehicles owned or thereafter acquired by the owner prior to the expiration date of the credit voucher.

4. The Department of Revenue shall have the responsibility of issuing the ad valorem tax credit vouchers to each county.

5. The ad valorem tax credit voucher is valid for 12 months from the date of issuance and can only be redeemed in the county where the ad valorem tax is paid. The original credit voucher must be submitted to the tax collecting official to receive credit.

6. In no event shall an ad valorem tax credit voucher be issued later than 60 calendar days after the date a motor vehicle is sold, traded, totally destroyed, permanently removed from Alabama, or stolen without recovery.

7. A taxpayer shall have the next business day to claim ad valorem tax credits if the sixtieth day falls on a holiday or weekend.

8. No interest shall be allowable on the amount of any ad valorem tax credit or ad valorem tax credit voucher. The credit voucher issued shall be creditable only against ad valorem tax levied by those taxing authorities whose ad valorem tax is paid by the owner of the motor vehicle for which a credit is allowed. No credit shall be allowable against any ad valorem taxes levied by the state unless the credit shall be eligible for application and applied against ad valorem tax levied by a taxing authority or authorities other than state.

9. All individual tax amounts for each fund shown on the ad valorem tax credit voucher shall be rounded up to the nearest cent.

10. If an owner is entitled to an ad valorem tax credit for ad valorem tax paid to Municipality C, but no longer resides in Municipality C, a secondary ad valorem tax credit voucher shall be issued for the ad valorem tax paid to the municipality. This secondary ad valorem tax credit voucher can only be used to pay ad valorem tax for Municipality C. In no event shall any person receive cash for any portion of a voucher issued.

11. If an ad valorem tax credit voucher is presented for credit against ad valorem tax due and the amount of the voucher is in excess of the tax due, a new voucher shall be issued referencing the date of issuance of the original voucher. The new voucher may be presented for credit against ad valorem tax no later than 12 months from the issuance date of the original voucher.

12. The taxpayer shall use an ad valorem tax credit voucher to pay escape tax and current tax on a motor vehicle. If a taxpayer redeems a credit voucher to pay both escape tax and current tax on the same motor vehicle, the tax collecting official shall not issue a second credit voucher against the current ad valorem tax due on the motor vehicle. If the amount of the tax credit voucher is in excess of both escape tax and current tax, a secondary voucher shall be issued referencing the date of issuance of the original voucher.

13. If a taxpayer claims ad valorem tax credits in the same month in which the tax is paid, ad valorem tax credits shall begin the month after the ad valorem tax is paid.

14. The ad valorem tax credit voucher shall not be used to pay interest on delinquent ad valorem tax or penalties on escape ad valorem tax.

15. The tax collecting official shall collect a \$2.00 commission at the time of redemption of the ad valorem tax credit or ad valorem tax credit voucher. One half of the commission collected by the tax collecting official will be deposited into the general fund of the county and the balance will go to the State general fund. If the amount of the ad valorem tax credit is \$2.00 or less, no credit or credit voucher shall be issued.

16. An ad valorem tax credit voucher may be transferred by the owner to the owner's spouse or dependent child or to any person or corporation that shall have rented or leased the motor vehicle from the owner, but no credit voucher may be sold or otherwise negotiated by the person to whom it is issued.

17. The tax collecting official shall not replace lost ad valorem tax credit vouchers.

18. If a motor vehicle is repossessed, ad valorem tax credits shall be granted to the individual who paid the ad valorem tax if a Motor Vehicle Repossession Affidavit or other documentation is submitted to the tax collecting official.

(k) Ad valorem taxes on motor vehicles shall become delinquent on the first day of the month following the scheduled registration renewal month for the owner, or as otherwise provided by law.

1. If the number of months for which taxes are delinquent cannot be determined, the motor vehicle shall be presumed to have been in the state for one preceding tax year in addition to the current tax year for ad valorem tax assessing and collecting purposes, except for the ad valorem taxes that would have been due in arrears for the 1999 tax year during the transition year. The preceding tax year shall be the 12 months prior to the acquired date of the vehicle.

2. Motor vehicles with delinquent registrations shall be subject to payment of escaped ad valorem taxes for up to two prior years plus the current year, except for the ad valorem taxes that would have been due in arrears for the 1999 tax year during the transition year. The two prior years plus the current tax year shall be based on the taxpayer's tax years if ownership of the vehicle has not changed. If the ownership of the vehicle has changed, the two prior years shall be based on the acquisition date of the motor vehicle and the class of the property during the twenty-four months prior to the acquisition date. The current taxes shall be based on the acquisition date of the motor vehicle.

3. Interest shall be applied to delinquent ad valorem tax at a rate of 12% per year (calculated on a daily basis using a 365 day period) from the delinquent date through the date of the registration or renewal. If the last day of

the owner's renewal month falls on a holiday or a weekend, interest will not be charged until after the next business day.

4. A penalty of 10% of the tax amount shall be collected on escaped ad valorem taxes when taxes have been delinquent for 12 months or more.

(l) When a motor vehicle enters a dealer's inventory, no new ad valorem tax lien will attach until the vehicle is sold from the dealer's inventory. If a motor vehicle enters a dealer's inventory with an existing tax lien, the ad valorem tax lien remains in effect until paid.

(m) As a change in tag type constitutes a subsequent registration, county officials responsible for assessing/collecting ad valorem taxes shall collect all ad valorem tax due since the initial registration through the last day of the month which precedes the scheduled registration renewal month for the owner. A replacement tag issued to the owner of a motor vehicle will not constitute a subsequent registration.

(n) Ad valorem taxes on a motor vehicle shall be collected on an annual current basis in the registration renewal month of the owner, in conjunction with registration of the motor vehicle, provided ad valorem taxes due at the time of registration shall be prorated on a monthly basis from the date a motor vehicle enters the State of Alabama, from the date the motor vehicle is removed from the inventory of a dealer, from the date of transfer of ownership of the motor vehicle, or upon the date a motor vehicle otherwise becomes subject to taxation.

(o) All millage rate levies and changes affecting ad valorem taxes on motor vehicles shall become effective on the January 1 following the levy or rate change.

(p) Ad valorem tax due at the time of registration on a new motor vehicle registered for the first time with a manufacturer's certificate of origin where the motor vehicle meets the definition of Class IV property shall be deferred until the first renewal or other subsequent registration, whichever comes first.

(q) Each county official charged with the duty of assessing motor vehicles shall use the "uniform motor vehicle valuation manual" published by the Department of Revenue each year as the basis of computing the appropriate 15%, 20% or 30% assessed value of all motor vehicles as per Section 40-8-1, *Code of Alabama 1975*, for the purpose of ad valorem taxation. Classes of motor vehicles and their corresponding assessment ratio are as follow:

1. Class IV Motor Vehicles(15%): All private passenger automobiles (including private passenger automobiles under lease-purchase option agreements), motor vehicles registered in the name of a beneficiary of a trust, station wagons, sports utility vehicles, vans and “pickup” trucks (including private passenger “pickup” trucks under lease-purchase option agreements) weighing eight thousand (8,000) pounds gross vehicle weight or less, which are owned and operated by an individual for personal or private use and not for hire, rent, or compensation.

2. Class I Motor Vehicles (30%): This class includes all motor vehicles owned by public utilities and used in the business of such utilities.

3. Class II Motor Vehicles (20%): This class includes all motor vehicles which do not fall within the definition of Class IV or Class I motor vehicles and includes motorcycles, recreational vehicles, leased vehicles owned and operated by a business, and all vehicles used for commercial purposes.

4. Ad valorem tax due on the first renewal or other subsequent registration shall include the deferred ad valorem tax from the first registration and the next year’s ad valorem tax to be paid in advance.

5. Deferred ad valorem tax shall be collected on a motor vehicle at the applicable value and class according to the first owner listed on the registration.

6. Deferred ad valorem tax on a new motor vehicle shall be collected at the first scheduled renewal or subsequent registration in addition to the ad valorem tax due in advance. If a new motor vehicle is purchased before the owner’s renewal month, but the owner fails to register the motor vehicle until his or her renewal month or thereafter, ad valorem tax shall be deemed to have been deferred to the owner’s first scheduled renewal month only. Taxes are due from the time of purchase in addition to ad valorem tax in advance and any applicable interest and penalties.

7. Deferred ad valorem tax shall be collected at the applicable millage rate in the county in which the license plate is renewed.

8. County officials shall maintain three years of motor vehicle valuations in their database for deferred or escape ad valorem tax on motor vehicles. When calculating deferred or escape ad valorem tax on motor vehicles, use the October 1 market value preceding the tax year for which ad valorem tax is being collected. County officials shall issue separate tax receipts for each tax year assessed.

9. County officials shall submit as required, in addition to other required information, an accurate ad valorem tax start date (which determines the date from which ad valorem taxes were deferred or the date the next tax lien

attaches to a motor vehicle) and motor vehicle class to the Department of Revenue.

10. Medal of Honor and Prisoner of War license plates shall have the ad valorem start date designation 999999 to indicate the motor vehicle is exempt from ad valorem taxes. Any additional Medal of Honor and Prisoner of War license plates issued to the owner shall have an ad valorem start date which determines the date ad valorem taxes were deferred or the date the next tax lien attached to the motor vehicle.

11. The taxpayer shall not be given an option on deferment of the ad valorem tax on a new Class IV motor vehicle registered for the first time.

(r) All motor vehicles shall be assessed and the taxes shall be collected on the motor vehicles as provided. Machinery or equipment including, but not limited to cement mixers, wrecker rigs, box-type bodies, and communications equipment which may be added to a motor vehicle after it leaves the original manufacturer and may be moved from one motor vehicle to another shall be separately valued and assessed with the tax assessing official as personal property.

(s) Refunds shall be granted for ad valorem taxes on motor vehicles only for monies collected in error, as provided in Section 40-7-9.1, Code of Alabama 1975, or upon evidence of valuation change or adjustment by the County Board of Equalization.

Authors: Shelley Tice

Authority: Section 40-2A-7(a)(5), 40-7-64, Code of Alabama 1975

History: New rule: Filed July 24, 2000, effective August 28, 2000.

Amended: Filed April 26, 2001, effective May 31, 2001.

Amended: Filed November 2, 2004, effective December 7, 2004.